

RECORDATION NO. 25813 - C FILED

NOV 15 '06

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SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

OF COUNSEL  
URBAN A. LESTER

November 15, 2006

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Termination of Security Interest, dated as of November 15, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 25813.

The names and addresses of the parties to the enclosed document are:

Borrower: Babcock & Brown Rail Funding LLC  
885 Second Avenue, 49th Floor  
New York, NY 10017

Agent: Bayerische Hypo-Und Vereinsbank AG, Agent  
FPA 4 Lease/Asset Finance  
Am Tucherpark 1 (FPA)  
80538 Munich, Germany

Mr. Vernon A. Williams  
November 15, 2006  
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A description of the railroad equipment covered by the enclosed document is:

24 railcars within the series BNSF 238300 – BNSF 238560 as more particularly set forth in the equipment schedule attached to the document.

A short summary of the document to appear in the index is:

Termination of Security Interest.

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem  
Enclosures

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**TERMINATION OF SECURITY INTEREST**

SURFACE TRANSPORTATION BOARD

**THIS TERMINATION OF SECURITY INTEREST** (this "**Termination**") is made this 15<sup>th</sup> day of November, 2006 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Borrower**") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "**Agent**") for the banks under the Amended and Restated Security Agreement dated as of October 18, 2002 (as amended, supplemented or otherwise modified through the date hereof, the "**Security Agreement**"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

**WHEREAS**, the Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

**WHEREAS**, the Borrower is party to those certain Memoranda of Mortgage described in Schedule I hereto, each copy of which was duly filed with the Surface Transportation Board (the "**STB**") (the "**Memoranda of Mortgage**"); and

**WHEREAS**, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage, and to record such termination and cancellation with the STB.

**NOW THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage, effective as of the date this Termination is filed with the STB (the "**Effective Date**"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Termination with the STB so as to release any security interest in and mortgage lien upon the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage created by or arising out of the Security Agreement.

3. This Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

\* \* \*

[Termination of Security Interest]

**IN WITNESS WHEREOF**, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING  
LLC**

By: 

Name: Ross Sullivan

Title: Vice President

**BAYERISCHE HYPO- UND  
VEREINSBANK AG**, not in its individual  
capacity except as expressly provided herein,  
but solely as Agent

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

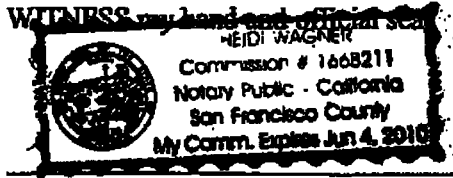
[Termination of Security Interest]

STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

ss.:

On November 14, 2006, before me, Heidi Wagner, Notary Public, personally appeared Ross Sullivan, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



Heidi Wagner  
Notary Public

[Termination of Security Interest]


IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING  
LLC**

By: \_\_\_\_\_  
Name:  
Title:

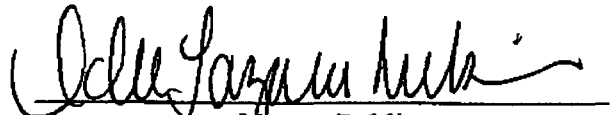
**BAYERISCHE HYPO- UND  
VEREINSBANK AG**, not in its individual  
capacity except as expressly provided herein,  
but solely as Agent

By:  \_\_\_\_\_  
Name: Markus Pransky  
Title: Director

By:  \_\_\_\_\_  
Name: Erkan Yilmaz  
Title:

STATE OF NEW YORK     )  
                                  ) ss.:  
COUNTY OF NEW YORK    )

Subscribed to me on this 15<sup>th</sup> day of November, 2006 by Markus Pransky,  
Director of Bayerische Hypo- und Vereinsbank AG and Erkan Yilmaz, \_\_\_\_\_ of Bayerische  
Hypo- und Vereinsbank AG.

  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

**IDA LAZARA RUBIN**  
Notary Public, State of New York  
No. 01RU6134160  
Qualified in New York County  
Commission Expires August 9, 2008

**Schedule I to  
Termination of Security Interest**

**EQUIPMENT**

<b><u>Memoranda of Mortgage</u></b>	<b><u># Cars</u></b>	<b><u>Year Built</u></b>	<b><u>Description</u></b>	<b><u>Reporting Marks</u></b>	<b><u>Casualty Marks</u></b>
				[SEE ATTACHED]	

**UNITS**

**Reporting Marks of Railcars Transferred on September 20, 2006:**

1. BNSF 238385
2. BNSF 238455
3. BNSF 238527
4. BNSF 238531
5. BNSF 238549

**Reporting Marks of Railcars Transferred on September 21, 2006:**

1. BNSF 238396

**Reporting Marks of Railcars Transferred on September 22, 2006:**

1. BNSF 238441
2. BNSF 238530

**Reporting Marks of Railcars Transferred on September 25, 2006**

1. BNSF 238345
2. BNSF 238393

**Reporting Marks of Railcars Transferred on September 26, 2006**

1. BNSF 238300
2. BNSF 238302
3. BNSF 238318
4. BNSF 238435
5. BNSF 238507
6. BNSF 238552
7. BNSF 238558
8. BNSF 238560 .

**Reporting Marks of Railcars Transferred on October 17, 2006**

1. BNSF 238405
2. BNSF 238491

Reporting Marks of Railcars Transferred on October 27, 2006

1. BNSF 238417
2. BNSF 238501

Reporting Marks of Railcars Transferred on October 28, 2006

1. BNSF 238465

Reporting Marks of Railcars Transferred on November 9, 2006

1. BNSF 238550

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: \_\_\_\_\_

11/15/06



\_\_\_\_\_  
Robert W. Alvord